

Innovate to Overcome Buyer Apprehension

by John Di Frances

Buyer apprehension, is the nemesis of every sales organization. There are many causes of buyer apprehension, but nowhere is this customer behavior more visible than in the high tech sector and rightly so. Technology is changing so quickly that products are literally becoming obsolete by the time they hit the sales floor.

Who hasn't experienced buyer remorse, when within a very brief period after making an expensive technology purchase, you see news that a 'newer technology' is being released. Ugggh! That does not make for happy customers.

After a few instances of such buyer's remorse, it is not surprising to see buyer's apprehension set in. "Why buy today when very shortly I can buy and get the newer technology and very possibly at a cost savings, as technology advancements continue to drive prices down."

The flip side of this argument is, "Whenever you decide to buy, a newer, improved technology will always be right around the corner.' Today, technology advancement is a continuous cycle, where the cycle times are ever shorter, all driven by technological innovation. The result is that there is never a 'right time to buy'. Waiting is a myth!

Although a myth, it is proving to be a very expensive myth for those selling technology. Each postponed purchase results in a lost opportunity now as well as reduced total sales over the extended sales over the product life cycle.

Whether its corporate sales or retail, in order to overcome buyer's apprehension, it is critical that sales organizations apply innovative solutions. Failing an innovative response, it is likely that the tendency of buyers toward apprehension will not only continue, but grow in into a greater problem for sellers.

The question becomes 'how to innovate a solution'? This will vary by industry and between corporate and retail sales, but there are some innovative solutions that can straddle both.

Best Buy Corporation is feeling the brunt of buyer apprehension and has created an innovative approach in an attempt to meet this challenge head-on. 'FUTURE-PROOF YOUR TECHNOLOGY WITH THE BUY BACK PROGRAM' is their answer. Applicable to any mobile phone, laptop, netbook, tablet computer or TV, Best Buy will buy back your outdated product when you upgrade to the latest technology innovation.

Not exactly a new idea, most of us have been trading in our cars, SUV's and trucks for decades. But still a very powerful response in a new industry to the same problem automakers began facing in the 1930's. Customers want the 'newest', but feel tied to their investment in the 'old'. To sell them the 'new', sales organizations must relieve them of 'old' in such a manner that customers do not feel they have squandered their investment.

As in most such 'deals', the devil usually lurks in the details and this is no exception. The basics of the program enable a purchaser to return the previously purchased item and in return, receive a Best Buy gift card valued at a percentage of the original purchase price depending upon the item, with a maximum credit of 50%. This return period begins thirty-one days after the initial purchase and extends for six months thereafter.

Losing 50% or more of the original purchase price is still a high price to pay in many circumstances for the ability to instantly upgrade when innovative new technologies arrive, however there are instances where this could may make economic sense. Of course, Best Buy hopes that trendsetters, those customers who always want the latest in new technology, will rationalize the buy-back program as sufficient justification to dive in and keep buying and buying and buying.

The important lesson here are not the specifics of the Best Buy program, but rather its example as an innovative response to a very real and growing sales problem in the tech marketplace. Other sales organizations need to consider what types of innovative responses to similar problems they can devise to keep their sales moving by overcoming buyer apprehension.

Strategic Innovation Consulting (www.StrategicInnovation.Consulting) provides Open Innovation and Strategy consulting services to a wide range of corporate, Fortune 100's to startups, not-for-profit and government organizations globally. John Di Frances is Managing Partner.